

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England, Inc.)	
)	
and)	ER08-920-000
)	
New England Power Pool)	
)	

**NOTICE OF INTERVENTION AND SUPPORTING COMMENTS
OF THE MAINE PUBLIC UTILITIES COMMISSION**

Pursuant to 214(a)(2) of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.214(a)(2), the Maine Public Utilities Commission (“MPUC”) hereby notices its intervention in this proceeding. ISO New England (“ISO-NE”) and the New England Power Pool (“NEPOOL”) (collectively “ISO-NE” or “Joint Filers”) initiated this proceeding on May 2, 2008 by filing revised tariff sheets and proposed revisions to Schedule 2 – Reactive Supply and Voltage Control from Qualified Reactive Resource Service – of the ISO’s Open Access Transmission Tariff (“OATT”) (“May 2 filing”). In support of its Notice of Intervention, the MPUC states as follows:

I. PRELIMINARY STATEMENT

This Notice of Intervention is filed pursuant to Rule 214(a)(2) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§ 385.214(a)(2) (2007), and the Commission’s Combined Notice of Filing # 1 dated May 9, 2008, in which the Commission established May 23, 2008, as the date by which interventions and protests are to be filed.

The persons to whom correspondence, pleadings, and other papers in relation to this proceeding should be addressed and the persons whose names are to be placed on the Commission's official service list are designated as follows pursuant to Rule 203, 18 C.F.R. § 385.203 (2007):

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II. NOTICE OF INTERVENTION

Under Maine law, the MPUC is the state commission designated by statute with jurisdiction over rates and service of electric utilities in the state. *See* 35-A M.R.S.A. § 101 *et seq.* It is, therefore, a “state commission” under the Commission’s regulations, 18 C.F.R. § 1.101(k) (2007). Accordingly, the MPUC hereby gives notice of its intervention pursuant to Rule 214(a)(2) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.214(a)(2) (2007) and respectfully requests that the Commission recognize the MPUC as an intervener in this proceeding, with all rights attendant thereto.

III. BACKGROUND

ISO-NE's proposed revisions to the OATT derive from the amended complaint of the MPUC in Docket No. EL07-38-000, in which the MPUC sought modifications of two components of Schedule 2 of ISO-NE's OATT. First, the MPUC sought implementation of the Reliability Region Cost Allocation methodology for the Cost of Energy Produced ("PC"). The Complaint asserted that socialization of the costs of uplift for local voltage support was unreasonable because it muted price signals and was inconsistent with causation principles.¹ Second, the MPUC proposed the replacement of the capital cost ("CC") component of the Schedule 2 rate with a CC Rate Deadband proposal in order to eliminate "double recovery" by generators receiving capital cost compensation from two revenue streams: (1) transition period and later auction revenues resulting from the Forward Capacity Market ("FCM") settlement and (2) revenues from the Schedule 2 CC rate.²

IV. COMMENTS

The May 2 filing addresses the cost allocation issue outlined above.³ It proposes that Section III of Schedule 2 of the OATT be amended in order to permit allocation of the variable costs incurred for providing steady state voltage control during high voltage/low load conditions to the Transmission Customers receiving RNS in the Reliability Regions in which the high voltage condition exists.⁴ The proposed tariff

¹ See Docket No. ER07-38-000, *Amended Complaint of the Maine Public Utilities Commission Against ISO New England, Inc., Motion for Affirmation of Extension of Time and Expedited Consideration*, dated September 17, 2007 ("MPUC Amended Complaint").

² *Id.* at 13-14.

³ ISO's proposed tariff revisions do not address the "double recovery" issue which is still pending rehearing in Docket Nos. EL07-38-000 and ER07-397.

⁴ See *Proposed Tariff Revisions* at 10.

revisions also provide that when VAR Service is being provided to address high voltage/low load conditions in “multiple specific Reliability Regions,” that the variable costs be “split equally among the affected Reliability Regions” and allocated to the respective Transmission Customers.⁵

Joint Filers do not recommend any change to the manner in which costs are allocated during low voltage/high load conditions. Rather, they assert that, in cases of low voltage, the entire grid is impacted as more generators throughout the system must provide reactive power in order to “protect the entire bulk power system from a cascading voltage collapse.”⁶ Accordingly, Joint Filers assert that the status quo Schedule 2 cost allocation remain in effect to provide for voltage control to address low voltage/high load conditions and to provide steady state and dynamic voltage control.⁷

The MPUC notes that although ISO-NE’s and NEPOOL’s proposal does not fully implement the Reliability Region Cost Allocation proposal advocated by the MPUC in Docket No. EL07-38-000, the proposed cost allocation revisions to Schedule 2 will be a significant move in the right direction. Further, MPUC commends ISO-NE for taking an active role in working with stakeholders and regulators to develop a compromise proposal that promotes a supportable rate design. Accordingly, if the proposed revisions are adopted as filed, the MPUC will amend its complaint in Docket No. EL07-38-000 to remove the cost allocation issue.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* See also testimony of Peter Brandein and David Laplante attached thereto at 5-6.

V. CONCLUSION

For the reasons discussed above and incorporated by reference herein, the MPUC hereby supports the Joint Filers' May 2 filing.

Dated: May 23, 2008

Respectfully submitted,

/s/ Lisa S. Gast

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Counsel for the Maine Public
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding either by U.S. Mail or electronic service, as appropriate. Dated at Washington, D.C., this 23rd day of May, 2008.

/s/ Harry A. Dupre

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